

**PX-0517**

**0\_W3301** **Frank, Jeff (Vol. 01) - 10/09/2009****1 CLIP (RUNNING 00:42:16.900)**

Thank you for your patience as we were ...

**JFEDIT****35 SEGMENTS (RUNNING 00:42:16.900)****1. PAGE 9:09 TO 9:15 (RUNNING 00:00:11.100)**

09 Q Thank you for your patience as we were  
 10 setting up there. Can you just state your full  
 11 name for the record, sir.  
 12 A Jeffrey Paul Frank.  
 13 Q And who are you currently employed by,  
 14 Mr. Frank?  
 15 A Lawson Software.

**2. PAGE 11:12 TO 11:22 (RUNNING 00:00:20.800)**

12 Q Why don't we start with, what's your job  
 13 title at Lawson Software?  
 14 A Vice president of marketing.  
 15 Q How long have you held that position,  
 16 sir?  
 17 A Approximately three years. A little over  
 18 three years.  
 19 Q How long have you been employed by Lawson  
 20 Software?  
 21 A It will be seven years on January 2nd of  
 22 2010.

**3. PAGE 17:02 TO 18:16 (RUNNING 00:01:30.300)**

02 Q Let's go back to your job  
 03 responsibilities and duties as the vice president  
 04 of marketing at Lawson. Can you give me a high  
 05 level overview of what those entail?  
 06 A My overall focus is oversight for  
 07 Americas marketing, with the primary emphasis being  
 08 on North America. And that includes really all  
 09 aspects of our marketing activities.  
 10 Q What kind of marketing activities are you  
 11 involved in in the Americas?  
 12 A Our primary focus, our primary  
 13 go-to-market approach is via industries. So it is  
 14 our marketing activities from lead generation to  
 15 brand building evidence in our target markets or  
 16 industries.  
 17 Q And how do you go about doing that to  
 18 those industry sectors?  
 19 A We have teams that are organized,  
 20 marketing teams that are organized around those  
 21 industries.  
 22 Q And how do they reach out to those  
 00018:01 industries to promote Lawson's software ERP  
 02 solutions?  
 03 A Through a wide variety of activities  
 04 ranging from direct marketing to events, trade  
 05 shows, electronic marketing, just to name a few

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19 Q Is it the marketing department that  
20 actually loads that content once it's prepared?

21 A Yes.

22 Q Does the marketing department take steps  
00032:01 to ensure that the information contained on the  
02 website is as accurate as possible?

03 A Yes.

04 Q How does the marketing department go  
05 about doing that, sir?

06 A Really there's two parts to the process.  
07 In the case of product-type functionality, it goes  
08 through a review by the product management  
09 organization. And then with any of the content  
10 that we place on our website, it goes through a  
11 legal review.

12 Q And what's the purpose of the legal  
13 review?

14 A To make sure that the content is  
15 accurate.

16 Q And is that because potential customers  
17 and other interested parties are going to be  
18 accessing information from the website and you want  
19 it to be as accurate as possible?

20 A I believe that is one of the reasons,  
21 yes.

22 Q Is it fair to say that you want people to  
00033:01 be able to rely on the information that's provided  
02 to them on the website? Correct?

03 A Yes.

04 Q Does the company's website provide to  
05 your knowledge white papers that describe the  
06 features and functionality of the company's  
07 products?

08 A It contains white papers. I can't speak  
09 to whether it describes specific functionality of  
10 the products.

11 Q Do you know what the purpose of the white  
12 papers are that are loaded onto the company's  
13 website?

14 A Yes.

15 Q What's that, sir?

16 A It ranges. So it ranges from specific  
17 product information to white papers on general  
18 industry issues and topics that have nothing to do  
19 with software. So it can be for a wide variety of  
20 reasons, purposes.

21 Q But there are white papers that are  
22 available on the company's website that are  
00034:01 directed to Lawson's products, correct?

02 A Yes.

03 Q And again, it's Lawson's intention that  
04 these white papers provide accurate information to  
05 whoever is viewing them with respect to the  
06 features and functionality of the company's  
07 products, right?

08 A Yes.

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19 A It is a library of approved responses,  
20 templated responses to standard types of questions,  
21 comment types of questions that we receive.

22 Q So it is not unusual in this RFP process  
00040:01 for customers to have the same types of questions  
02 about the features and functionality of a product,  
03 say an M3 or an S3; is that correct?

04 A That's correct.

05 Q So the company has anticipated those  
06 questions or through experience understands what  
07 those questions are, and prepares a stock set of  
08 answers that can be plugged in for the RFP process,  
09 correct?

10 A That's correct.

11 Q And just like the website, is it Lawson's  
12 intention that those templates or stock answers to  
13 these common questions be as accurate as possible  
14 with respect to the features and functionalities of  
15 the products? Correct?

16 A Correct.

17 Q It's not Lawson's intent to mislead  
18 anybody about the features and functionality of its  
19 software products, right?

20 A That's correct.

21 Q So if we were looking at a response to an  
22 RFP with respect to the features and functionality  
00041:01 of an ERP solution such as M3 or S3, we should be  
02 able to rely on the accuracy of that information,  
03 correct?

04 A That's correct.

**13. PAGE 44:02 TO 45:14 (RUNNING 00:01:34.100)**

02 Q Do you do any market research with  
03 respect to business opportunities in these industry  
04 sectors you've been talking about?

05 A Yes.

06 Q Are there any industry reports that  
07 Lawson relies upon to understand the needs of the  
08 ERP market?

09 A Yes.

10 Q Can you give me some examples?

11 A Examples would be through our  
12 relationships with some of the industry analysts  
13 such as Gartner Group, Forrester, just to name a  
14 few.

15 Q Aberdeen?

16 A In the past, yes.

17 Q Which of those three that we just  
18 mentioned would you consider to be most reliable as  
19 far as information concerning the ERP market?

20 A Gartner.

21 Q Does the company rely on some of the  
22 information with respect to the ERP market that's  
00045:01 provided by Gartner in its reports?

02 A I wouldn't characterize it as "rely." We  
03 utilize the information.

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17 Q What other reasons can you think of?

18 A Make sure we are presenting our product  
 19 information in the most positive form.

20 Communication that people can understand, etc.

21 Q Besides the brochures, you mentioned  
 22 webinars, correct?

00051:01 A That's correct.

02 Q Just for the record, why don't you  
 03 describe what a webinar is.

04 A A webinar is where Lawson will put on an  
 05 event that is delivered online via the web, and  
 06 will typically include both a video portion as well  
 07 as an audio portion. People access it via that  
 08 laptop or a combination of their laptop or a  
 09 computer as well as phone. And we are delivering  
 10 various types of information via an online event.  
 11 People participate virtually.

12 Q Who would be some of the potential  
 13 targets for a webinar demonstration?

14 A It could be any of the customers or  
 15 potential customers in our target markets.

16 Q Would a salesperson or a marketing person  
 17 potentially reach out to a new customer to make a  
 18 webinar presence so that the customer can  
 19 understand the features and functionality of a  
 20 software product that Lawson is offering?

21 A Potentially.

22 Q Is marketing responsible for the content  
 00052:01 of the webinar demonstrations?

02 A I wouldn't characterize them as  
 03 demonstrations. But for the webinars, yes.

**16. PAGE 53:05 TO 53:13 (RUNNING 00:00:20.000)**

05 Q And again, as with the website, responses  
 06 to RFPs and the brochures, it's Lawson's intention  
 07 that the webinars present accurate information with  
 08 respect to the features and functionalities of the  
 09 Lawson Software products, correct?

10 A That's correct.

11 Q Did they also go through legal review, to  
 12 your knowledge?

13 A To the best of my knowledge, yes.

**17. PAGE 55:21 TO 57:03 (RUNNING 00:01:08.000)**

21 Q It's one of the goals of Lawson to make  
 22 the electronic procurement process more efficient,  
 00056:01 thereby saving its customers money, correct?

02 A Generally speaking, yes.

03 Q Have you heard the term "e-Procurement"  
 04 before?

05 A Yes.

06 Q And M3 and S3 products have an  
 07 e-Procurement solution, correct?

08 A It would depend exactly how you're  
 09 defining e-Procurement.

10 Q What's your understanding of what

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11 e-Procurement is?

12 A E-Procurement would be automating the  
13 procurement process by -- and one example would be  
14 putting it online, removing paper from the process,  
15 and building connections between the customer  
16 organization and the various suppliers that they  
17 work with.

18 Q As you've just defined it, is it your  
19 understanding that M3 has an e-Procurement  
20 solution?

21 A To the best of my knowledge, yes.

22 Q And let me ask the same question, as you  
00057:01 defined it, is it your understanding that S3 has an  
02 e-Procurement solution?

03 A Yes.

**18. PAGE 64:12 TO 65:20 (RUNNING 00:01:37.400)**

12 Q We were talking about the supplier chain  
13 management solution that's offered by Lawson, and  
14 specifically you gave me a definition for  
15 e-Procurement, which I understood you to indicate  
16 was a supplier chain management tool, correct?

17 A A supply chain management tool, correct.

18 Q That e-Procurement tool has a number of  
19 components, would that be fair to say?

20 A Yes.

21 Q Specifically it has a number of software  
22 modules that can make up the supply chain  
00065:01 management tool, right?

02 A That's correct.

03 Q For example, there is a requisition  
04 module you're familiar with?

05 A That's correct.

06 Q Is there a purchase order module?

07 A That's correct.

08 Q Are you familiar with a punchout  
09 catalogue module?

10 A Yes.

11 Q And when Lawson is providing this  
12 electronic procurement solution, those modules form  
13 the basis of the supply chain flow for the  
14 purchasing process, correct?

15 A They are components of the Supply Chain  
16 Management product.

17 Q That permit a customer seeking to obtain  
18 product, for example, from a specific vendor to  
19 complete the purchasing process, right?

20 A That is my understanding.

**19. PAGE 74:22 TO 76:14 (RUNNING 00:02:04.900)**

22 Q Are you aware that the sales force for  
00075:01 Lawson employs laptops that have demonstrations  
02 that can be presented for product functionality and  
03 features to customers?

04 A I don't know if I would describe it that  
05 way, but that they have demo laptops.

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06 Q What's the purpose of the demo laptop, to  
 07 your understanding?

08 A My understanding is it is for use by our  
 09 solution consultants in presentations to customer  
 10 prospects to show how the product works.

11 Q Do you know whether or not there is a  
 12 customer demo for the M3 solution?

13 A I believe there is.

14 Q And how about for the S3 solution?

15 A Yes.

16 Q Like the webinar and the responses to  
 17 RFPs and the brochures, is it Lawson's intent to  
 18 have a demonstration that accurately depicts the  
 19 features and functionality of the M3 and S3  
 20 products?

21 A Yes.

22 Q Do you know whether or not those demos  
 00076:01 also go through the legal review process?

02 A I don't know.

03 Q Those demos are not actually performing a  
 04 procurement process, for example, when they're  
 05 presented to potential customers, isn't that right?

06 A I'm not following your question.

07 Q Let me rephrase it. They're meant to be  
 08 illustrative, not an actual functioning product,  
 09 isn't that right?

10 A I would say that's not entirely true.

11 Q And why is that not entirely true?

12 A My understanding is, in our  
 13 demonstrations, in many cases we're demonstrating  
 14 the actual live product in a demo environment.

**20. PAGE 77:05 TO 78:09 (RUNNING 00:01:10.000)**

05 Q It's Lawson's intention, though, to  
 06 accurately depict the functionality of the product  
 07 that's being demonstrated to the potential  
 08 customer?

09 A That's correct.

10 Q If you'll look at the page 9 of Exhibit  
 11 Number 1, it's entitled "Global Marketing Program,  
 12 Toolbox Content."

13 A Yes.

14 Q And it's broken down into several boxes.  
 15 I don't know exactly how it's organized. But, for  
 16 example, and I think these are some of the things  
 17 you talked about before, the toolbox for the  
 18 marketing department is to conduct events such as  
 19 seminars, breakfast meetings, and roundtable  
 20 discussions, correct?

21 A That's correct.

22 Q And you also mentioned the webinars,  
 00078:01 correct?

02 A That's correct.

03 Q And we talked about trade shows, correct?

04 A Correct.

05 Q In each of these instances, again,

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06 Lawson's attempting to provide accurate information  
 07 with respect to the functionality of the software  
 08 products it's offering during these events, right?  
 09 A Correct.

**21. PAGE 85:01 TO 85:10 (RUNNING 00:00:22.000)**

00085:01 Q You did indicate, though, that you found  
 02 the Gartner reports to be of general reliability  
 03 for the information contained therein; is that  
 04 right?  
 05 A I believe what I stated is Lawson as a  
 06 company typically uses Gartner more than any other  
 07 industry analyst.  
 08 Q Is that because you find Gartner to be  
 09 more reliable than the other industry analysts?  
 10 A Generally speaking, yes.

**22. PAGE 88:06 TO 89:10 (RUNNING 00:01:18.000)**

06 Q Under sample customers, there's a series

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07 of line items that involve license fees,  
 08 maintenance, services and contracting. Do you see  
 09 that?  
 10 A I do.  
 11 Q It's fair to say that for a product such  
 12 as S3, Lawson generates revenues for all four of  
 13 those categories, isn't that right?  
 14 A Yes.  
 15 Q So for example, when Lawson obtains a  
 16 contract for a new customer for S3, there's an  
 17 initial licensing component revenue that's created,  
 18 that's generated?  
 19 A That's correct.  
 20 Q And then there is fees associated with  
 21 maintaining the operations of that software  
 22 solution, in this case S3, for that particular  
 00089:01 customer, correct?  
 02 A That's correct.  
 03 Q And there are also services that are  
 04 associated that are provided to the customer with  
 05 respect to the S3 product, correct?  
 06 A In some cases.  
 07 Q And Lawson generates revenues for  
 08 providing services with respect to the S3 product  
 09 as indicated here in Exhibit 2, correct?  
 10 A That's correct.

**23. PAGE 90:17 TO 91:18 (RUNNING 00:01:14.100)**

17 Q But at least with respect to an S3  
 18 product, Lawson enjoys revenue streams from  
 19 licensing, maintenance, and servicing, correct?  
 20 A That's correct.  
 21 Q And would that be consistent with respect  
 22 to each customer that licenses the S3 product, that

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00091:01 Lawson enjoys revenues from licensing, maintenance  
02 and servicing?  
03 A Not necessarily.  
04 Q Would there be any instances where Lawson  
05 just received license fees and no maintenance fees?  
06 A Initially, no. Maintenance is typically  
07 required. But over the course of time a customer  
08 may choose to drop maintenance.  
09 Q At least for fiscal year 2006 in the  
10 healthcare industry, it would appear that the main  
11 source of revenue was maintenance fees, isn't that  
12 right?  
13 A Looking at these numbers, yes, that's the  
14 way I would interpret it.  
15 Q In fact it's almost three times as large  
16 as the license fees that were realized from sales  
17 to the healthcare industry in 2006, correct?  
18 A That's correct.

**24. PAGE 111:05 TO 111:08 (RUNNING 00:00:10.400)**

05 Q And this is the content that you had  
06 indicated earlier that Lawson makes every effort to  
07 make sure is as accurate as possible, right?  
08 A That is correct.

**25. PAGE 114:08 TO 117:17 (RUNNING 00:03:29.000)**

08 Q During the break I handed you a document  
09 that I've marked as Exhibit Number 5. But before  
10 we get to that, Mr. Frank, I wanted to go back to  
11 the issue of the revenue streams that were  
12 associated with the Lawson products. In particular  
13 we looked at that one document, revenue streams  
14 associated with S3 and M3, do you recall that?  
15 A Yes.  
16 Q And from memory, I believe it was  
17 licensing, maintenance, servicing, and contracting.  
18 Is that right?  
19 A That is correct.  
20 Q License fees I think I understand. Those  
21 are the fees that are associated with providing the  
22 product to a new customer or probably on an annual  
00115:01 basis when it's licensed; is that right?  
02 A That's correct.  
03 Q The maintenance fees, those are fees that  
04 Lawson charges to make sure that the software is  
05 operating properly and maintained and functional;  
06 is that fair to say?  
07 A I wouldn't describe it quite that way.  
08 Q How would you describe maintenance  
09 revenue?  
10 A There's really two components to  
11 maintenance. So one is ongoing support. So when  
12 customers have questions, run into issues, need  
13 questions answered around the use of the software,  
14 they'll call our help desk. So it's access to help  
15 desk and support. The other aspect of it is the

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16 ongoing development of the product that comes in  
 17 the form of patches and fixes and new versions of  
 18 the product.

19 Q Upgrades?

20 A Upgrades, correct.

21 Q And there are revenues associated with  
 22 upgrades or patches, correct?

00116:01 A In some cases.

02 Q How about training? Does Lawson derive  
 03 any revenue from training their customers on how to  
 04 use the software solutions such as M3 and S3?

05 A It does.

06 Q Where would training fall within those  
 07 four categories we were talking about, licensing,  
 08 maintenance, servicing, and contracting?

09 A It would fall under services.

10 Q There's a 24/7 online availability to  
 11 customers who have questions or problems associated  
 12 with their software solutions such as M3 and S3,  
 13 correct?

14 A I believe that is the case. I can't say  
 15 for sure.

16 Q Do you know whether or not Lawson charges  
 17 for that service?

18 A I can't say.

19 Q How about, do they have call-in numbers  
 20 that people can call in if they have problems with  
 21 their operational functionality of the solution?

22 A We do.

00117:01 Q Does Lawson charge for those services?

02 A As a part of the maintenance -- it's part  
 03 of the maintenance package.

04 Q How about the actual implementation or  
 05 installation of the software for a customer? Are  
 06 there revenues that Lawson derives from that?

07 A Potentially.

08 Q Would that fall under the heading of  
 09 services?

10 A That's correct.

11 Q Does Lawson charge for any consulting  
 12 services that it provides with respect to these ERP  
 13 software solutions we've been talking about?

14 A It may, yes.

15 Q What bucket would we put the consulting  
 16 services in under revenues?

17 A Services.

**26. PAGE 121:08 TO 124:05 (RUNNING 00:03:11.100)**

08 that, we'll do it. Let me mark the next exhibit as  
 09 Exhibit 6.

10 (Frank Exhibit Number 6 was marked for  
 11 identification and attached to the deposition  
 12 transcript.)

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13 BY MR. ROBERTSON: